

AMENDED IN ASSEMBLY MAY 28, 2015

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 806

**Introduced by Assembly Member Dodd
(Coauthor: Assembly Member Atkins)**

February 26, 2015

An act to amend Sections ~~34171~~, 34179, 34191.4, and 34191.5 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 806, as amended, Dodd. Redevelopment: successor agencies to redevelopment agencies.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law prohibits a successor agency from entering into contracts with, incurring obligations or making commitments to, any entity, as specified; or from amending or modifying existing agreements, obligations, or commitments with any entity, for any purpose. Existing law defines “enforceable obligation” for these purposes to generally exclude any agreements, contracts, or

~~arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency.~~

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to amend or modify ~~existing~~, *existing* contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies, as specified.

~~The bill would specifically include within the definition of “enforceable obligation” an agreement entered into by the redevelopment agency prior to June 30, 2011, if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to specified law.~~

(2) Existing law requires each successor agency to have an oversight board composed of 7 members and requires each member to be appointed by a specified authority.

This bill would allow each appointing authority to appoint alternate representatives to serve on the oversight board as may be necessary. This bill would provide that an ~~alternative~~ *alternate* representative has the same participatory and voting rights as all other attending members of the oversight board, and would require the successor agency to promptly notify the Department of Finance regarding the appointment of any alternate representatives.

(3) Existing law requires the disposition of assets and properties of the former redevelopment agency as directed by the oversight board, as specified, and suspends these requirements until the Department of Finance has approved a long-range property management plan, as specified. Upon approval of a long-range property management plan, the plan governs and supersedes all other provisions relating to the disposition and use of the real property assets of the former redevelopment agency. Existing law requires the property of a former redevelopment agency to be disposed of according to law if the department has not approved a long-range property management plan by January 1, 2016.

This bill would authorize the department to require a compensation agreement or agreements, but would specify that the compensation agreement or agreements may be developed and executed subsequent to the approval of a long-range property management plan. The bill would describe the criteria and standard to be applied by the department

in approving a long-range property management plan. The bill would require the department to approve long-range property management plans as expeditiously as possible. This bill would also provide that actions relating to the disposition of property after approval of a long-range property management plan do not require review by the department.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 34171 of the Health and Safety Code is~~
2 ~~amended to read:~~
3 ~~34171. The following terms shall have the following meanings:~~
4 ~~(a) "Administrative budget" means the budget for administrative~~
5 ~~costs of the successor agencies as provided in Section 34177.~~
6 ~~(b) "Administrative cost allowance" means an amount that,~~
7 ~~subject to the approval of the oversight board, is payable from~~
8 ~~property tax revenues of up to 5 percent of the property tax~~
9 ~~allocated to the successor agency on the Recognized Obligation~~
10 ~~Payment Schedule covering the period January 1, 2012, through~~
11 ~~June 30, 2012, and up to 3 percent of the property tax allocated to~~
12 ~~the Redevelopment Obligation Retirement Fund money that is~~
13 ~~allocated to the successor agency for each fiscal year thereafter;~~
14 ~~provided, however, that the amount shall not be less than two~~
15 ~~hundred fifty thousand dollars (\$250,000), unless the oversight~~
16 ~~board reduces this amount, for any fiscal year or such lesser amount~~
17 ~~as agreed to by the successor agency. However, the allowance~~
18 ~~amount shall exclude, and shall not apply to, any administrative~~
19 ~~costs that can be paid from bond proceeds or from sources other~~
20 ~~than property tax. Administrative cost allowances shall exclude~~
21 ~~any litigation expenses related to assets or obligations, settlements~~
22 ~~and judgments, and the costs of maintaining assets prior to~~
23 ~~disposition. Employee costs associated with work on specific~~
24 ~~project implementation activities, including, but not limited to,~~
25 ~~construction inspection, project management, or actual~~
26 ~~construction, shall be considered project-specific costs and shall~~
27 ~~not constitute administrative costs.~~
28 ~~(c) "Designated local authority" shall mean a public entity~~
29 ~~formed pursuant to subdivision (d) of Section 34173.~~

1 ~~(d) (1) “Enforceable obligation” means any of the following:~~

2 ~~(A) Bonds, as defined by Section 33602 and bonds issued~~
3 ~~pursuant to Chapter 10.5 (commencing with Section 5850) of~~
4 ~~Division 6 of Title 1 of the Government Code, including the~~
5 ~~required debt service, reserve set-asides, and any other payments~~
6 ~~required under the indenture or similar documents governing the~~
7 ~~issuance of the outstanding bonds of the former redevelopment~~
8 ~~agency. A reserve may be held when required by the bond~~
9 ~~indenture or when the next property tax allocation will be~~
10 ~~insufficient to pay all obligations due under the provisions of the~~
11 ~~bond for the next payment due in the following half of the calendar~~
12 ~~year.~~

13 ~~(B) Loans of moneys borrowed by the redevelopment agency~~
14 ~~for a lawful purpose, to the extent they are legally required to be~~
15 ~~repaid pursuant to a required repayment schedule or other~~
16 ~~mandatory loan terms.~~

17 ~~(C) Payments required by the federal government, preexisting~~
18 ~~obligations to the state or obligations imposed by state law, other~~
19 ~~than passthrough payments that are made by the county~~
20 ~~auditor-controller pursuant to Section 34183, or legally enforceable~~
21 ~~payments required in connection with the agencies’ employees,~~
22 ~~including, but not limited to, pension payments, pension obligation~~
23 ~~debt service, unemployment payments, or other obligations~~
24 ~~conferred through a collective bargaining agreement. Costs incurred~~
25 ~~to fulfill collective bargaining agreements for layoffs or~~
26 ~~terminations of city employees who performed work directly on~~
27 ~~behalf of the former redevelopment agency shall be considered~~
28 ~~enforceable obligations payable from property tax funds. The~~
29 ~~obligations to employees specified in this subparagraph shall~~
30 ~~remain enforceable obligations payable from property tax funds~~
31 ~~for any employee to whom those obligations apply if that employee~~
32 ~~is transferred to the entity assuming the housing functions of the~~
33 ~~former redevelopment agency pursuant to Section 34176. The~~
34 ~~suecessor agency or designated local authority shall enter into an~~
35 ~~agreement with the housing entity to reimburse it for any costs of~~
36 ~~the employee obligations.~~

37 ~~(D) Judgments or settlements entered by a competent court of~~
38 ~~law or binding arbitration decisions against the former~~
39 ~~redevelopment agency, other than passthrough payments that are~~
40 ~~made by the county auditor-controller pursuant to Section 34183.~~

1 Along with the successor agency, the oversight board shall have
2 the authority and standing to appeal any judgment or to set aside
3 any settlement or arbitration decision.

4 (E) Any legally binding and enforceable agreement or contract
5 that is not otherwise void as violating the debt limit or public
6 policy. However, nothing in this act shall prohibit either the
7 successor agency, with the approval or at the direction of the
8 oversight board, or the oversight board itself from terminating any
9 existing agreements or contracts and providing any necessary and
10 required compensation or remediation for such termination. Titles
11 of or headings used on or in a document shall not be relevant in
12 determining the existence of an enforceable obligation.

13 (F) Contracts or agreements necessary for the administration or
14 operation of the successor agency, in accordance with this part,
15 including, but not limited to, agreements concerning litigation
16 expenses related to assets or obligations, settlements and
17 judgments, and the costs of maintaining assets prior to disposition,
18 and agreements to purchase or rent office space, equipment and
19 supplies, and pay-related expenses pursuant to Section 33127 and
20 for carrying insurance pursuant to Section 33134.

21 (G) Amounts borrowed from, or payments owing to, the Low
22 and Moderate Income Housing Fund of a redevelopment agency,
23 which had been deferred as of the effective date of the act adding
24 this part; provided, however, that the repayment schedule is
25 approved by the oversight board. Repayments shall be transferred
26 to the Low and Moderate Income Housing Asset Fund established
27 pursuant to subdivision (d) of Section 34176 as a housing asset
28 and shall be used in a manner consistent with the affordable
29 housing requirements of the Community Redevelopment Law (Part
30 1 (commencing with Section 33000)).

31 (2) For purposes of this part, "enforceable obligation" does not
32 include any agreements, contracts, or arrangements between the
33 city, county, or city and county that created the redevelopment
34 agency and the former redevelopment agency. However, written
35 agreements entered into (A) at the time of issuance, but in no event
36 later than December 31, 2010, of indebtedness obligations, and
37 (B) solely for the purpose of securing or repaying those
38 indebtedness obligations, may be deemed enforceable obligations
39 for purposes of this part. Notwithstanding this paragraph, loan
40 agreements entered into between the redevelopment agency and

1 the city, county, or city and county that created it, within two years
2 of the date of creation of the redevelopment agency, may be
3 deemed to be enforceable obligations. Notwithstanding this
4 paragraph, an agreement entered into by the redevelopment agency
5 prior to June 30, 2011, is an enforceable obligation if the agreement
6 relates to state highway infrastructure improvements to which the
7 redevelopment agency committed funds pursuant to Section 33445.

8 (3) ~~Contracts or agreements between the former redevelopment~~
9 ~~agency and other public agencies, to perform services or provide~~
10 ~~funding for governmental or private services or capital projects~~
11 ~~outside of redevelopment project areas that do not provide benefit~~
12 ~~to the redevelopment project and thus were not properly authorized~~
13 ~~under Part 1 (commencing with Section 33000) shall be deemed~~
14 ~~void on the effective date of this part; provided, however, that such~~
15 ~~contracts or agreements for the provision of housing properly~~
16 ~~authorized under Part 1 (commencing with Section 33000) shall~~
17 ~~not be deemed void.~~

18 (e) ~~“Indebtedness obligations” means bonds, notes, certificates~~
19 ~~of participation, or other evidence of indebtedness, issued or~~
20 ~~delivered by the redevelopment agency, or by a joint exercise of~~
21 ~~powers authority created by the redevelopment agency, to~~
22 ~~third-party investors or bondholders to finance or refinance~~
23 ~~redevelopment projects undertaken by the redevelopment agency~~
24 ~~in compliance with the Community Redevelopment Law (Part 1~~
25 ~~(commencing with Section 33000)).~~

26 (f) ~~“Oversight board” shall mean each entity established pursuant~~
27 ~~to Section 34179.~~

28 (g) ~~“Recognized obligation” means an obligation listed in the~~
29 ~~Recognized Obligation Payment Schedule.~~

30 (h) ~~“Recognized Obligation Payment Schedule” means the~~
31 ~~document setting forth the minimum payment amounts and due~~
32 ~~dates of payments required by enforceable obligations for each~~
33 ~~six-month fiscal period as provided in subdivision (m) of Section~~
34 ~~34177.~~

35 (i) ~~“School entity” means any entity defined as such in~~
36 ~~subdivision (f) of Section 95 of the Revenue and Taxation Code.~~

37 (j) ~~“Successor agency” means the successor entity to the former~~
38 ~~redevelopment agency as described in Section 34173.~~

39 (k) ~~“Taxing entities” means cities, counties, a city and county,~~
40 ~~special districts, and school entities, as defined in subdivision (f)~~

1 of Section 95 of the Revenue and Taxation Code, that receive
2 passthrough payments and distributions of property taxes pursuant
3 to the provisions of this part.

4 (l) “Property taxes” include all property tax revenues, including
5 those from unitary and supplemental and roll corrections applicable
6 to tax increment.

7 (m) “Department” means the Department of Finance unless the
8 context clearly refers to another state agency.

9 (n) “Sponsoring entity” means the city, county, or city and
10 county, or other entity that authorized the creation of each
11 redevelopment agency.

12 (o) “Final judicial determination” means a final judicial
13 determination made by any state court that is not appealed, or by
14 a court of appellate jurisdiction that is not further appealed, in an
15 action by any party.

16 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity
17 administrative cost allowance” means an amount of up to 1 percent
18 of the property tax allocated to the Redevelopment Obligation
19 Retirement Fund on behalf of the successor agency for each
20 applicable fiscal year, but not less than one hundred fifty thousand
21 dollars (\$150,000) per fiscal year.

22 (1) If a local housing authority assumed the housing functions
23 of the former redevelopment agency pursuant to paragraph (2) or
24 (3) of subdivision (b) of Section 34176, then the housing entity
25 administrative cost allowance shall be listed by the successor
26 agency on the Recognized Obligation Payment Schedule. Upon
27 approval of the Recognized Obligation Payment Schedule by the
28 oversight board and the department, the housing entity
29 administrative cost allowance shall be remitted by the successor
30 agency on each January 2 and July 1 to the local housing authority
31 that assumed the housing functions of the former redevelopment
32 agency pursuant to paragraph (2) or (3) of subdivision (b) of
33 Section 34176.

34 (2) If there are insufficient moneys in the Redevelopment
35 Obligations Retirement Fund in a given fiscal year to make the
36 payment authorized by this subdivision, the unfunded amount may
37 be listed on each subsequent Recognized Obligation Payment
38 Schedule until it has been paid in full. In these cases the five-year
39 time limit on the payments shall not apply.

1 ~~SEC. 2.~~

2 ~~SECTION 1.~~ Section 34179 of the Health and Safety Code is
3 amended to read:

4 34179. (a) Each successor agency shall have an oversight
5 board composed of seven members. The members shall elect one
6 of their members as the chairperson and shall report the name of
7 the chairperson and other members to the Department of Finance
8 on or before May 1, 2012. Members shall be selected as follows:

9 (1) One member appointed by the county board of supervisors.

10 (2) One member appointed by the mayor for the city that formed
11 the redevelopment agency.

12 (3) (A) One member appointed by the largest special district,
13 by property tax share, with territory in the territorial jurisdiction
14 of the former redevelopment agency, which is of the type of special
15 district that is eligible to receive property tax revenues pursuant
16 to Section 34188.

17 (B) On or after the effective date of this subparagraph, the
18 county auditor-controller may determine which is the largest special
19 district for purposes of this section.

20 (4) One member appointed by the county superintendent of
21 education to represent schools if the superintendent is elected. If
22 the county superintendent of education is appointed, then the
23 appointment made pursuant to this paragraph shall be made by the
24 county board of education.

25 (5) One member appointed by the Chancellor of the California
26 Community Colleges to represent community college districts in
27 the county.

28 (6) One member of the public appointed by the county board
29 of supervisors.

30 (7) One member representing the employees of the former
31 redevelopment agency appointed by the mayor or chair of the
32 board of supervisors, as the case may be, from the recognized
33 employee organization representing the largest number of former
34 redevelopment agency employees employed by the successor
35 agency at that time. In the case where city or county employees
36 performed administrative duties of the former redevelopment
37 agency, the appointment shall be made from the recognized
38 employee organization representing those employees. If a
39 recognized employee organization does not exist for either the
40 employees of the former redevelopment agency or the city or

1 county employees performing administrative duties of the former
2 redevelopment agency, the appointment shall be made from among
3 the employees of the successor agency. In voting to approve a
4 contract as an enforceable obligation, a member appointed pursuant
5 to this paragraph shall not be deemed to be interested in the contract
6 by virtue of being an employee of the successor agency or
7 community for purposes of Section 1090 of the Government Code.

8 (8) If the county or a joint powers agency formed the
9 redevelopment agency, then the largest city by acreage in the
10 territorial jurisdiction of the former redevelopment agency may
11 select one member. If there are no cities with territory in a project
12 area of the redevelopment agency, the county superintendent of
13 education may appoint an additional member to represent the
14 public.

15 (9) If there are no special districts of the type that are eligible
16 to receive property tax pursuant to Section 34188, within the
17 territorial jurisdiction of the former redevelopment agency, then
18 the county may appoint one member to represent the public.

19 (10) If a redevelopment agency was formed by an entity that is
20 both a charter city and a county, the oversight board shall be
21 composed of seven members selected as follows: three members
22 appointed by the mayor of the city, if that appointment is subject
23 to confirmation by the county board of supervisors, one member
24 appointed by the largest special district, by property tax share, with
25 territory in the territorial jurisdiction of the former redevelopment
26 agency, which is the type of special district that is eligible to
27 receive property tax revenues pursuant to Section 34188, one
28 member appointed by the county superintendent of education to
29 represent schools, one member appointed by the Chancellor of the
30 California Community Colleges to represent community college
31 districts, and one member representing employees of the former
32 redevelopment agency appointed by the mayor of the city if that
33 appointment is subject to confirmation by the county board of
34 supervisors, to represent the largest number of former
35 redevelopment agency employees employed by the successor
36 agency at that time.

37 (11) Each appointing authority identified in this subdivision
38 may, but is not required to, appoint alternate representatives to
39 serve on the oversight board as may be necessary to attend any
40 meeting of the oversight board in the event that the appointing

1 authority's primary representative is unable to attend any meeting
2 for any reason. If an alternate representative attends any meeting
3 in place of the primary representative, the ~~alternative~~ *alternate*
4 representative shall have the same participatory and voting rights
5 as all other attending members of the oversight board. The
6 successor agency shall promptly notify the department regarding
7 the appointment of alternate representatives to the oversight board.

8 (b) The Governor may appoint individuals to fill any oversight
9 board member position described in subdivision (a) that has not
10 been filled by May 15, 2012, or any member position that remains
11 vacant for more than 60 days.

12 (c) The oversight board may direct the staff of the successor
13 agency to perform work in furtherance of the oversight board's
14 duties and responsibilities under this part. The successor agency
15 shall pay for all of the costs of meetings of the oversight board
16 and may include such costs in its administrative budget. Oversight
17 board members shall serve without compensation or reimbursement
18 for expenses.

19 (d) Oversight board members are protected by the immunities
20 applicable to public entities and public employees governed by
21 Part 1 (commencing with Section 810) and Part 2 (commencing
22 with Section 814) of Division 3.6 of Title 1 of the Government
23 Code.

24 (e) A majority of the total membership of the oversight board
25 shall constitute a quorum for the transaction of business. A majority
26 vote of the total membership of the oversight board is required for
27 the oversight board to take action. The oversight board shall be
28 deemed to be a local entity for purposes of the Ralph M. Brown
29 Act, the California Public Records Act, and the Political Reform
30 Act of 1974. All actions taken by the oversight board shall be
31 adopted by resolution.

32 (f) All notices required by law for proposed oversight board
33 actions shall also be posted on the successor agency's Internet
34 Web site or the oversight board's Internet Web site.

35 (g) Each member of an oversight board shall serve at the
36 pleasure of the entity that appointed such member.

37 (h) The Department of Finance may review an oversight board
38 action taken pursuant to this part. Written notice and information
39 about all actions taken by an oversight board shall be provided to
40 the department by electronic means and in a manner of the

1 department's choosing. An action shall become effective five
2 business days after notice in the manner specified by the
3 department is provided unless the department requests a review.
4 Each oversight board shall designate an official to whom the
5 department may make those requests and who shall provide the
6 department with the telephone number and email contact
7 information for the purpose of communicating with the department
8 pursuant to this subdivision. Except as otherwise provided in this
9 part, in the event that the department requests a review of a given
10 oversight board action, it shall have 40 days from the date of its
11 request to approve the oversight board action or return it to the
12 oversight board for reconsideration and the oversight board action
13 shall not be effective until approved by the department. In the
14 event that the department returns the oversight board action to the
15 oversight board for reconsideration, the oversight board shall
16 resubmit the modified action for department approval and the
17 modified oversight board action shall not become effective until
18 approved by the department. If the department reviews a
19 Recognized Obligation Payment Schedule, the department may
20 eliminate or modify any item on that schedule prior to its approval.
21 The county auditor-controller shall reflect the actions of the
22 department in determining the amount of property tax revenues to
23 allocate to the successor agency. The department shall provide
24 notice to the successor agency and the county auditor-controller
25 as to the reasons for its actions. To the extent that an oversight
26 board continues to dispute a determination with the department,
27 one or more future recognized obligation schedules may reflect
28 any resolution of that dispute. The department may also agree to
29 an amendment to a Recognized Obligation Payment Schedule to
30 reflect a resolution of a disputed item; however, this shall not affect
31 a past allocation of property tax or create a liability for any affected
32 taxing entity.

33 (i) Oversight boards shall have fiduciary responsibilities to
34 holders of enforceable obligations and the taxing entities that
35 benefit from distributions of property tax and other revenues
36 pursuant to Section 34188. Further, the provisions of Division 4
37 (commencing with Section 1000) of the Government Code shall
38 apply to oversight boards. Notwithstanding Section 1099 of the
39 Government Code, or any other law, any individual may
40 simultaneously be appointed to up to five oversight boards and

1 may hold an office in a city, county, city and county, special
2 district, school district, or community college district.

3 (j) Commencing on and after July 1, 2016, in each county where
4 more than one oversight board was created by operation of the act
5 adding this part, there shall be only one oversight board appointed
6 as follows:

7 (1) One member may be appointed by the county board of
8 supervisors.

9 (2) One member may be appointed by the city selection
10 committee established pursuant to Section 50270 of the
11 Government Code. In a city and county, the mayor may appoint
12 one member.

13 (3) One member may be appointed by the independent special
14 district selection committee established pursuant to Section 56332
15 of the Government Code, for the types of special districts that are
16 eligible to receive property tax revenues pursuant to Section 34188.

17 (4) One member may be appointed by the county superintendent
18 of education to represent schools if the superintendent is elected.
19 If the county superintendent of education is appointed, then the
20 appointment made pursuant to this paragraph shall be made by the
21 county board of education.

22 (5) One member may be appointed by the Chancellor of the
23 California Community Colleges to represent community college
24 districts in the county.

25 (6) One member of the public may be appointed by the county
26 board of supervisors.

27 (7) One member may be appointed by the recognized employee
28 organization representing the largest number of successor agency
29 employees in the county.

30 (k) The Governor may appoint individuals to fill any oversight
31 board member position described in subdivision (j) that has not
32 been filled by July 15, 2016, or any member position that remains
33 vacant for more than 60 days.

34 (l) Commencing on and after July 1, 2016, in each county where
35 only one oversight board was created by operation of the act adding
36 this part, then there will be no change to the composition of that
37 oversight board as a result of the operation of subdivision (b).

38 (m) Any oversight board for a given successor agency shall
39 cease to exist when all of the indebtedness of the dissolved
40 redevelopment agency has been repaid.

1 (n) An oversight board may direct a successor agency to provide
2 additional legal or financial advice than what was given by agency
3 staff.

4 (o) An oversight board is authorized to contract with the county
5 or other public or private agencies for administrative support.

6 (p) On matters within the purview of the oversight board,
7 decisions made by the oversight board supersede those made by
8 the successor agency or the staff of the successor agency.

9 ~~SEC. 3.~~

10 *SEC. 2.* Section 34191.4 of the Health and Safety Code is
11 amended to read:

12 34191.4. The following provisions shall apply to any successor
13 agency that has been issued a finding of completion by the
14 Department of Finance:

15 (a) All real property and interests in real property identified in
16 subparagraph (C) of paragraph (5) of subdivision (c) of Section
17 34179.5 shall be transferred to the Community Redevelopment
18 Property Trust Fund of the successor agency upon approval by the
19 Department of Finance of the long-range property management
20 plan submitted by the successor agency pursuant to subdivision
21 (b) of Section 34191.5 unless that property is subject to the
22 requirements of any existing enforceable obligation.

23 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
24 application by the successor agency and approval by the oversight
25 board, loan agreements entered into between the redevelopment
26 agency and the city, county, or city and county that created the
27 redevelopment agency shall be deemed to be enforceable
28 obligations provided that the oversight board makes a finding that
29 the loan was for legitimate redevelopment purposes.

30 (2) If the oversight board finds that the loan is an enforceable
31 obligation, the accumulated interest on the remaining principal
32 amount of the loan shall be recalculated from origination at the
33 interest rate earned by funds deposited into the Local Agency
34 Investment Fund. The loan shall be repaid to the city, county, or
35 city and county in accordance with a defined schedule over a
36 reasonable term of years at an interest rate not to exceed the interest
37 rate earned by funds deposited into the Local Agency Investment
38 Fund. The annual loan repayments provided for in the recognized
39 obligation payment schedules shall be subject to all of the following
40 limitations:

1 (A) Loan repayments shall not be made prior to the 2013–14
2 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
3 repayment amount authorized each fiscal year for repayments
4 made pursuant to this subdivision and paragraph (7) of subdivision
5 (e) of Section 34176 combined shall be equal to one-half of the
6 increase between the amount distributed to the taxing entities
7 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
8 that fiscal year and the amount distributed to taxing entities
9 pursuant to that paragraph in the 2012–13 base year, provided,
10 however, that calculation of the amount distributed to taxing
11 entities during the 2012–13 base year shall not include any amounts
12 distributed to taxing entities pursuant to the due diligence review
13 process established in Sections 34179.5 to 34179.8, inclusive.
14 Loan or deferral repayments made pursuant to this subdivision
15 shall be second in priority to amounts to be repaid pursuant to
16 paragraph (7) of subdivision (e) of Section 34176.

17 (B) Repayments received by the city, county, or city and county
18 that formed the redevelopment agency shall first be used to retire
19 any outstanding amounts borrowed and owed to the Low and
20 Moderate Income Housing Fund of the former redevelopment
21 agency for purposes of the Supplemental Educational Revenue
22 Augmentation Fund and shall be distributed to the Low and
23 Moderate Income Housing Asset Fund established by subdivision
24 (d) of Section 34176.

25 (C) Twenty percent of any loan repayment shall be deducted
26 from the loan repayment amount and shall be transferred to the
27 Low and Moderate Income Housing Asset Fund, after all
28 outstanding loans from the Low and Moderate Income Housing
29 Fund for purposes of the Supplemental Educational Revenue
30 Augmentation Fund have been paid.

31 (c) (1) Bond proceeds derived from bonds issued on or before
32 December 31, 2010, shall be used for the purposes for which the
33 bonds were sold.

34 (2) (A) Notwithstanding Section 34177.3 or any other
35 conflicting provision of law, bond proceeds in excess of the
36 amounts needed to satisfy approved enforceable obligations shall
37 thereafter be expended in a manner consistent with the original
38 bond covenants. Enforceable obligations may be satisfied by the
39 creation of reserves for projects that are the subject of the
40 enforceable obligation and that are consistent with the contractual

obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, with the approval of the successor agency's oversight board, the successor agency may amend or modify ~~existing~~, *existing* contracts and agreements, or otherwise administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, including the substitution of private developer capital in a disposition and development agreement that has been deemed an enforceable obligation, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise directly or indirectly reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

~~SEC. 4.~~

SEC. 3. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

1 (1) Include an inventory of all properties in the trust. The
2 inventory shall consist of all of the following information:

3 (A) The date of the acquisition of the property and the value of
4 the property at that time, and an estimate of the current value of
5 the property.

6 (B) The purpose for which the property was acquired.

7 (C) Parcel data, including address, lot size, and current zoning
8 in the former agency redevelopment plan or specific, community,
9 or general plan.

10 (D) An estimate of the current value of the parcel including, if
11 available, any appraisal information.

12 (E) An estimate of any lease, rental, or any other revenues
13 generated by the property, and a description of the contractual
14 requirements for the disposition of those funds.

15 (F) The history of environmental contamination, including
16 designation as a brownfield site, any related environmental studies,
17 and history of any remediation efforts.

18 (G) A description of the property's potential for transit-oriented
19 development and the advancement of the planning objectives of
20 the successor agency.

21 (H) A brief history of previous development proposals and
22 activity, including the rental or lease of property.

23 (2) Address the use or disposition of all of the properties in the
24 trust. Permissible uses include the retention of the property for
25 governmental use pursuant to subdivision (a) of Section 34181,
26 the retention of the property for future development, the sale of
27 the property, or the use of the property to fulfill an enforceable
28 obligation. The plan shall separately identify and list properties in
29 the trust dedicated to governmental use purposes and properties
30 retained for purposes of fulfilling an enforceable obligation. With
31 respect to the use or disposition of all other properties, all of the
32 following shall apply:

33 (A) (i) If the plan directs the use or liquidation of the property
34 for a project identified in an approved redevelopment plan, the
35 property shall transfer to the city, county, or city and county.

36 (ii) For purposes of this subparagraph, the term "identified in
37 an approved redevelopment plan" includes properties listed in a
38 community plan or a five-year implementation plan.

39 (iii) The department or an oversight board may require approval
40 of a compensation agreement or agreements, as described in

1 subdivision (f) of Section 34180, prior to any transfer of property
2 pursuant to this subparagraph, provided, however, that a
3 compensation agreement or agreements may be developed and
4 executed subsequent to the approval process of a long-range
5 property management plan.

6 (B) If the plan directs the liquidation of the property or the use
7 of revenues generated from the property, such as lease or parking
8 revenues, for any purpose other than to fulfill an enforceable
9 obligation or other than that specified in subparagraph (A), the
10 proceeds from the sale shall be distributed as property tax to the
11 taxing entities.

12 (C) Property shall not be transferred to a successor agency, city,
13 county, or city and county, unless the long-range property
14 management plan has been approved by the oversight board and
15 the Department of Finance.

16 (d) The department shall only consider whether the long-range
17 property management plan makes a good faith effort to address
18 the requirements set forth in subdivision (c).

19 (e) The department shall approve long-range property
20 management plans as expeditiously as possible.

21 (f) Actions relating to the disposition of property after approval
22 of a long-range property management plan shall not require review
23 by the department.